



MARCH 2019

EFFICIENCY - GREYHOUND RACING IN NSW

FACT SHEET

NSW GBOTA - Since 1939

The NSW Greyhound Breeders, Owners & Trainers Association was formed in 1939 after an enthusiastic group of greyhound owners and trainers formed a body to support and sustain Greyhound Racing in NSW.

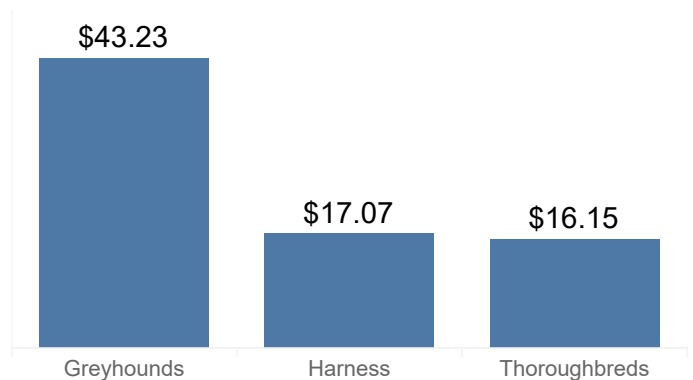
NSW GBOTA has two functions; Advocacy for members and Racing operations. Within the industry there is hundreds of years of experience in owning, breeding, training, and administering the sport. It is this experience and knowledge that can develop and shape the future of greyhound racing.

Despite our history, the working man's sport is under threat. With the amount of money being spent (rightfully so) on animal welfare and administration, the economics of the industry is being pounded.



What do you get for \$1.00?

For every \$1 of prize money in racing, how much wagering turnover does NSW get? Greyhound racing is a highly efficient means of providing entertainment and meeting the desire of people to wager.



Source: Annual reports of racing codes; Racing Australia Fact Book 2017/18. Some assumptions made for comparability.

What is efficiency?

When it comes to the living standards of people, the concept of 'efficiency' is a very important word.

Everyone likes efficient people; they get stuff done without a fuss, they solve problems quickly.

The term 'efficiency' is defined in the text books as the amount of stuff produced with the least amount of effort and cost in producing it.

For example, if in 1940 it took 25 workers to produce one car, but today it takes on 2 workers and a few robots, then productivity and efficiency has improved. Less people are needed to make the car, less cost.

While most people like the idea of an industry creating lots of jobs, sometimes we forget that this can be a sign of inefficiency. Lots of jobs can equal lots of cost, often wasteful.

It is only through increasing efficiency that living standards will improve. We must do more with the less, that's how we grow sustainably.

Why is efficiency important?

The concept of 'efficiency' may seem to be remote from the greyhound racing industry in NSW.

However, greyhound racing is actually an incredibly efficient industry. The greyhound industry produces an excellent racing product at a fraction of the incentives needed to produce quality product in other racing codes.

For example, for every \$1.00 of prize money on offer, the greyhound racing industry generates \$43.23 of wagering turnover. This compares to \$16.15 for thoroughbreds and \$17.07 for harness.

To generate more wagering activity in NSW and more revenue for services like hospitals, it is far more efficient to promote greyhounds than it is to promote thoroughbreds or harness.

Another aspect of efficiency is that of resource costs. We know that because greyhounds are smaller and lighter, they consume much less volume of food and have less stabling costs.

Is there a problem?

We have a problem in NSW. We have a situation whereby the most efficient racing code, greyhounds, is not being sufficiently promoted - it is being held back, constrained.

NSW is being denied the opportunity of a more efficient racing industry, through promotion of inefficient racing codes - thoroughbreds, harness.

There are three constraints:

1. Unfair recurrent funding levels due to TAB distributions and PoCT-related funding;
2. Loss of greyhound racing to Victoria due to low prize money;
3. Unfair tax harmonisation payments due to an erroneous use of an economic report.

Rather than constrain greyhounds, the sport should be promoted - like all efficient industries.

Racing Meeting in 2017/18 NSW vs Victoria

1,121
Meetings (NSW)

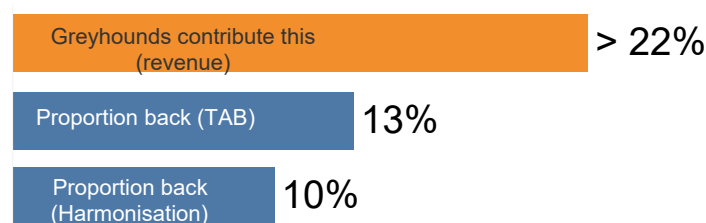
1,193
Meetings (VIC)

\$28M
Prize Money (NSW)

\$45M
Prize Money (VIC)

Source: Estimates from data published in the Annual Reports of Greyhound Racing NSW (GRNSW), Greyhound Racing Victoria (GRV). Some assumptions made for comparability.

Greyhounds contribute a lot, get little back...



Source: The 22% revenue estimate is a conservative estimate by NSW GBOTA. The estimate was made as part of GBOTA submission to the NSW Government in relation to the Draft Betting Tax Amendment (Point of Consumption) Bill 2018.

Average Prize Money

There is a staggering difference between the average prize money per race meeting in NSW versus that of Victoria. Such a gap is not sustainable long-term.



Source: Estimates from data published in the Annual Reports of Greyhound Racing NSW (GRNSW), Greyhound Racing Victoria (GRV). Some assumptions made for comparability.

What the owners pay?

The cost to owners of racing shows which sport is that of kings. Yet, greyhounds subsidise horses. **Go figure!**

\$40,000
Thoroughbred

\$20,000
Harness horse

\$7,000
Greyhound

\$22,333
Average

Source: Estimates made on the basis of data found via Internet desktop research of the costs to owners of racing greyhounds, thoroughbreds and harness horses. Costs include training. Given most greyhound trainers are paid through prize money sharing, the cost is that of training a greyhound up to its first race. While best endeavours were used, the estimates should not be viewed as rigorous comparisons but more indicative.

Remove the constraints...Let our industry grow!

What options are there?

In order to promote greyhound racing, given its efficient nature, the NSW Government must take action to eliminate the factors that hold back and constrain the industry.

It is critical that funding matches the contribution made. TAB distributions should be a minimum of 23%, and similarly for tax harmonisation.

When the Point of Consumption Tax (PoCT) commences, payment associated with this must equate to 23% of the defined pool of money.

Further, the NSW Government must do what is necessary to equate the average prize money per race meeting with that of Victoria. If this does not happen, then over time we will lose industry activity to Victoria.

NSW Election 2019

In the lead up to the NSW Election, GBOTA is seeking assurances from political parties that they will support a fair go for greyhounds.

- We seek a commitment that NSW Government will recognise the efficiency of the greyhound racing industry, and not penalise us for that efficiency.

We seek distributions based on turnover, not out-of-date agreements.

- We seek a commitment that funding for prize money in greyhound racing must be at least as that available in Victoria.

- We seek a commitment that greyhound racing will be treated fairly and the industry moves forward as a partner with Government.